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Established 1837

2d Plane Diverted in U.S.

Brazil Troops Raid Jet and Foil Hijack

RIO DE JANEIRO, July 1 (Reuters) — Brazilian Air Force troops stormed a hijacked Brazilian aircraft amid clouds of tear gas at Galeao International Airport today and evacuated passengers into waiting ambulances.

The plane, a Caravelle of the Cruzeiro do Sul airline, had been ordered back to Rio de Janeiro by the air force after a hijacking on a flight to Sao Paulo and Buenos Aires. It was immobilized by machine-gunning the tires.

Fifteen minutes after the troops went in, forcing their way through an emergency door on the roof, all the 34 passengers, including the hijackers, and seven crew members appeared to have been evacuated.

They were taken to an air force base at the airport. The hijackers, believed to be a woman and five men, had defied an ultimatum to surrender and, in their last radio conversation with the air force authorities had threatened to kill everyone on board if the troops moved in.

Clouds of smoke, or drifting tear gas, obscured the plane. But there was no indication that anyone was injured in the operation.

During negotiations over the plane's radio, it was believed that the hijackers had demanded that the tires, which had been shot out, be replaced. Mechanics replaced them.

But a platoon of steel-helmeted air force troops were already in battle position at the rear of the plane. They attacked after laying down a barrage of tear gas.

DC8 Diverted to Cuba

MIAMI, July 1 (AP) — A National Airlines jet bound from San Francisco to Miami with 38 persons aboard was diverted to the plane, an airline spokesman said.

Eleven minutes after takeoff from New Orleans, the pilot radioed: "On way to Havana. Request Havana weather," the spokesman said.

The DC-8 carried 32 passengers and a crew of seven. The flight originated in San Francisco, made stops at Las Vegas and Houston before New Orleans.

The spokesman said that the jetliner was apparently hijacked over the Gulf of Mexico. It landed safely in Havana. The spokesman said both the pilot, Capt. Carl Greenwood, and flight engineer C.J. Vile had been hijacked to Cuba before.

But SAM-3s Not Ruled Out

Israelis Say SAM-2s Downed 2 Planes in Attacks on Canal

By Stephen Klaistman.

JERUSALEM, July 1 (UPI) — Israeli pilots have downed an enemy military officer, but today completed or just completed nine SAM-2 missiles downed two Israeli jets in the Suez Canal zone last night.

Although the officer said that returning pilots described the missiles as having the characteristics of older SAM-2s, he twice repeated the word "probably" in assigning that designation to the weapons that downed the Israeli planes.

SAM-2 missiles have not been fired against Israeli aircraft since late last year, he said, and Israel admits having lost only one plane to an SAM-2. The plane said to have been destroyed was a Piper Cub flying along the east bank of the canal.

Israeli military sources offered no explanation for the sudden success of the SAM-2s. They did say, however, that the Egyptians had been attempting recently to prepare missile sites at night on the edge of the canal zone, about 20 miles from the waterway. It is not necessary to pour concrete to fire either SAM-2 or SAM-3 missiles. All that is needed is to build a site until it is flat and the sand or earth is well packed.

Other sources suggest that the Israeli planes were shot down in a missile ambush.

Egyptians Say

Fire Repels Israeli Jets

CAIRO, July 1 (AP) — Sixteen Israeli Phantoms and Skyhawks raided Egyptian positions today in the Suez Canal zone.

A military spokesman quoted by the Middle East News Agency said that the craft raided the southern sector canal positions of Suez el-Shallufa and el-Shat, as well as el-Qantara in the midsector of the waterway. The air strike which started at 8:30 a.m. continued intermittently for three hours, the spokesman added. Each time the planes were driven off by anti-aircraft fire. The Egyptians suffered no damage or casualties, the spokesman said.

In Tel Aviv, a military spokesman said that an Arab saboteur buried a hand grenade at an Israeli bus in occupied Gaza city today, wounding four Israeli civilians.

Troops are investigating the incident, the spokesman said.

Guerrillas Report.

AMMAN, July 1 (UPI) — Arab guerrillas of the Palestine Armed Struggle Command launched 346 attacks against Israeli targets in the occupied territories in June, guerrilla officials announced today.

A PASC statement said that the attacks caused many casualties in enemy ranks and destroyed equipment and military installations.

Twenty guerrillas were killed, four injured and three others were reported missing during the attacks, the statement said.

Nixon Calls Veto Upset Inflationary Chides Congress

On Hospital Funds

SAN CLEMENTE, Calif., July 1 (Reuters) — The White House warned Congress today that it would have to take full responsibility for any inflationary effects of overriding a presidential veto of legislation to provide funds for hospital construction.

In vetoing the bill, providing \$2.75 billion in federal funds, President Nixon called it a long step down the road of fiscal irresponsibility.

But the Senate yesterday, and the House of Representatives last week, overrode the President's objections and passed the bill into law.

President press secretary Ron Ziegler said at the Western White House that Mr. Nixon regrets that Congress has refused to heed the warning he vetoed contained about the inflationary effects of increasing federal spending on the overheated American economy.

"Congress will have to assume the responsibility," he said. "The

• A Congressional study adds \$1 billion to the President's estimated \$1.3 billion budget deficit. Details on Page 7.

President was very clear in his concern over Congress continuing to act in ways that can have an adverse effect on the nation's economy."

Mr. Ziegler said that, as the President has pointed out in his veto statement, the administration was tackling the country's health problem and that expenditures in the health field had already risen 20 percent over past spending.

But he said Mr. Nixon felt the funds in the bill could be spent more effectively than Congress proposed.

The President, earlier called parts of the bill "needless and unnecessary," objected particularly to provisions increasing federal spending on Great Grants to individual states from \$32 million to \$32 million in the 1971 financial year, which began today.

Speaking at Belfast airport before returning to London after a two-day visit, Mr. Maudling said the change to a Conservative government in Britain meant no change in policies toward Ulster.

He said Conservatives supported the speedy completion of the Unionist government's "university" reform program. He also forecast no change in tactics by the British troops maintaining order here.

The reforms include a "one man, one vote" system in local elections.

"Given Good Will"

"I have no doubt at all," he said, "that given good will and determination, the problem can be solved."

However, to many observers, it appears that good will is the missing ingredient. This afternoon in east Belfast, as the funeral processions for a Protestant and Catholic shot in the weekend riots just missed colliding, men on both sides shook their fists at one another.

Tonight, 12,000 hard-line Protestants took to the streets in six separate and noisy parades of the fraternal Orange Order. The routes were altered to avoid mixed areas. But armed soldiers and unarmed policemen lined the streets to prevent trouble.

By late tonight, the Belfast parades had gone off fairly peacefully. But 50 miles to the west, in the country town of Coalisland, soldiers used tear gas to disperse a riotous mob of about 200 that stoned a Protestant parade there.

Today was an emotional occasion for Ulster, the anniversary of the Battle of the Somme on July 1, 1916, when the 36th (Ulster) Division made an almost suicidal and unwilling attack on the German lines.

Anthony Barber, Britain's chief negotiator, at separate group meetings with the Commonwealth and EFTA representatives informed them about the outcome of yesterday's Luxembourg meeting at which negotiations on the British, Irish, Danish and Norwegian application to join the six-nation European Economic Community were started.

Mr. Barber told the two groups of ambassadors that they would be briefed at all important stages of the entry negotiations here and that their governments' representatives in London would also be closely informed.

He told reporters later that both his meetings today were highly satisfactory. Their main purpose was to inform the Commonwealth and EFTA representatives that "we propose to keep in the closest touch with them throughout the whole of the negotiations."

They were well satisfied with the arrangements for both ministerial and official level contacts, Mr. Barber added.

Policy Statement

Mr. Barber also pointed out at today's meeting various passages in the policy statement he made at yesterday's Luxembourg conference which are of special interest to Commonwealth and EFTA nations.

He told the ambassadors here that there had been a general atmosphere of goodwill at the Luxembourg meeting of the six Common Market countries and the four membership applicants.

Mr. Barber is understood to be pleased that the policy statements made at the Luxembourg meeting, though tough, were of a business-like character and that the negotiators would be realistically facing up to the problems.

Associated Press
HOME SECRETARY AND GUARDS—Reginald Maudling talks with Scots Guards.

Tough Riot Law Passed

Maudling on Ulster Situation: Mixture of Danger and Hope

By John M. Lee

BELFAST, July 1 (NYT) — The Prevention of Incitement to Hatred Bill which provides stiff penalties for false statements or publications that inflame sectarian feeling.

The Ulster Prime Minister, Maj. James D. Chichester-Clark, said the bill was directed at people like the Rev. Ian Paisley, the Protestant extremist who has been elected to both the Ulster Parliament and the British Parliament.

This week, 9,754 yards of fine white muslin will be rolled into the hands of the New York State Indian chiefs

— the latest of many annual cloth treaty payments which to date total nearly half a million dollars.

"As long as this nation receives this cloth, the obligation of the treaty is being fulfilled," said Seneca tribal chief William Seneca. "Even though it might not be a large amount of cloth, it is an important symbol."

The call-up order was fixed under a system designed to make the choice as totally random as possible.

Two rotating drums of capsules were used. One contained birth dates. The other held numbers giving the order in which the dates would be called up. The capsules were drawn in pairs, assigning a call-up order to a date. Then both drums were rotated again to mix up remaining capsules.

Meanwhile, in the second national draft lottery, held today 12-year-olds born on July 9, 1951, were assigned the No. 1 call-up for induction next year. The first such lottery was conducted last December.

The call-up order was fixed under a system designed to make the choice as totally random as possible.

Two rotating drums of capsules were used. One contained birth dates. The other held numbers giving the order in which the dates would be called up. The capsules were drawn in pairs, assigning a call-up order to a date. Then both drums were rotated again to mix up remaining capsules.

As the present system, he said, is open class legislation. It exempts anyone whose father has enough money to buy his way into a four-year college, or anyone who is smart enough.

Men who received draft sequence numbers in the lottery last December were not affected by today's drawing. They keep their December numbers permanently. Each year, a new group of men becomes the prime draft pool.

If a man gets drafted by his prime year, he reaches age 26. But each year he steps down automatically into a progressively less vulnerable category.

If a man is deferred or exempt, however, during his group's prime year, he must face a prime year of his own if and when he becomes 1-A, taking his place in line with his original lottery number.

Hanoi also claimed that the Americans were using mercenaries who had fought in Biafra and the Congo as part of their military effort in Cambodia.

Military Claims

The spokesman dismissed President Nixon's claims of military success. He said that 40,000 Phnom Penh government troops, 10,000 American and 10,000 Saigon soldiers had been put out of action in Cambodia, and 200 American planes had been shot down in the past two months.

His statement listed five reasons which, he said, contradicted both Mr. Nixon's report yesterday and the announcement that American troops had been pulled out of Cambodia by the end of June:

• The American Air Force continues to make bombing raids deep inside Cambodia.

• The Saigon puppet ground troops and their air units commanded by Americans continue to violate the territory of Cambodia, massacring the Cambodian people.

• American arms continue to be transported towards Phnom Penh.

• Mr. Nixon has ordered satellite countries of the United States to introduce their troops into Cambodia under the false banner of encouraging and supporting the efforts of third countries to help Cambodia in men and equipment.

• The United States has brought to Cambodia the mercenaries of Biafra and the Congo.

Reaction Skeptical

In North Vietnam today the official North Vietnamese radio said: "It is clear that although U.S. ground troops have been withdrawn from the U.S. is prolonging and expanding the war in Cambodia through the service of the mercenaries supplied by reactionary authorities in Southeast Asia."

"Unquestionably this move is an implementation of Nixon's doctrine of making Asians fight Asians for the realization of U.S. neocolonialism in Asia."

In Moscow the official Soviet news agency Tass said:

"The President made it clear the United States actually intends to expand the intervention, encouraging Asian countries to direct participation in the intervention. According to Nixon's words, the United States will give help to joint military efforts of Southeast Asian countries in Cambodia."

Austria	6 S	Libya	9 Plastic
Belgium	70 B.F.	Luxembourg	1,200 Fr.
Denmark	1,250 D.Kr.	Netherlands	0.45 Franc
France	1,200 Fr.	Nigeria	2/6
Germany	0.20 D.M.	Norway	1.75 N.kr.
Great Britain	1,200 P.	Portugal	1.25 Pts.
Greece	Rs. 2.25	Spain	1.50 S.P.
India	20 Rials	Sweden	1.20 S.Kr.
Iran	120 Rials	Switzerland	2.20 S.F.
Israel	15,100 L.	U.S. Military	500,000
Lebanon	75 P.	Yugoslavia	3.00 D.

Laird Predicts New Draft Cuts; 2d Lottery Held

WASHINGTON, July 1 (AP) — Secretary of Defense Melvin R. Laird predicted last night that the U.S. operations against Communist bases in Cambodia will make possible substantial reductions in draft calls.

"We will be able to reduce draft calls substantially," Mr. Laird said during a television program on the just completed U.S. drive through Cambodian sanctuary areas.

He said the draft call reductions can be attributed to what he called the success of the Vietnamization program. He added that this success

Nixon to Answer Questions on TV

SAN CLEMENTE, Calif., July 1 (AP) — President Nixon, following up a written report on U.S. military operations in Cambodia, may disclose to night whether he plans to name a new chief peace negotiator in Paris.

A Pentagon spokesman said it was possible there could be a few months at the end of this year in which there would be no draft, as the military further reduces its total strength.

"It's an administrative possibility," said Jerry Friedheim, in explaining that the Pentagon now expects to draft between 150,000 and 170,000 men this year.

Mr. Friedheim said that with the August call, 125,000 men will have

Draft lottery results table, Page 4

been called to duty, leaving only 25,000 to 45,000 to be called over the next four months to reach the expected total for the year.

Meanwhile, in the second national draft lottery, held today 12-year-olds born on July 9, 1951

To Resolve Guerrilla Issue**4-Power Arab Mediation Unit Holds 1st Meeting in Jordan**

By Jesse W. Lewis Jr.

AMMAN, July 1 (UPI).—A four-power Arab committee held its first formal session here today to mediate Jordan's chronic government-guerrilla problem.

The committee, composed of ranking officials from Egypt, Algeria, Libya and the Sudan, met with a government delegation led by Jordan's new prime minister, Abdul Monem Rifai. Another session with guerrilla leaders is scheduled for tomorrow.

While the immediate task of the

Self-Reliance Is Stressed By Rogers**SEATO Meeting Will Open Today**

By Tad Szulc

MANILA, Thursday, July 2 (NYT).—Representatives of seven nations of the South East Asia Treaty Organization gathered here today for their annual ministerial conference, held against the background of the withdrawal of American troops from Cambodia and the uncertain future of Indo-China.

The United States came to the meeting to emphasize, particularly in the context of Indo-China, the concepts of the Nixon Doctrine that Asians should solve Asian problems.

On his arrival in Manila late yesterday Secretary of State William P. Rogers immediately stressed this theme by declaring that, in Indo-China, "where war has increased and intensified the problems, self-reliance has become the keynote."

Mr. Rogers said that the Vietnamization program—under which South Vietnamese troops are gradually taking over combat responsibilities from U.S. forces—"represents our confidence in the viability of that self-reliance."

SEATO Forum

While the two-day SEATO conference is not expected to produce any major decisions in terms of the defense of Indo-China in general and of Cambodia in particular, the meeting is regarded as a forum for the United States to outline its policies in Southeast Asia.

At the same time diplomats from the Philippines, Thailand, Australia, New Zealand, Britain and Pakistan will have an opportunity in public speeches, closed ministerial sessions and private meetings with Mr. Rogers to set forth their views of the Indo-China situation that is clearly disturbing the SEATO governments.

Because of their political and military strength inside Jordan, the guerrillas virtually have the power to veto any policy decision by King Hussein.

The mediation committee was formed last month during a meeting in Tripoli, Libya, of the heads of state of Egypt, Jordan, Syria, Iraq, Lebanon and Libya and senior officials from Algeria, Tunisia and Sudan.

Prompted by Violence

The meeting was called in the wake of Jordan's latest outbreak of violence on June 7, when in six days of fighting more than 1,000 persons were killed and wounded.

Guerrilla leaders have expressed apprehension that the committee was formed to control them.

South Vietnam, which is not a member of the organization, has sent its foreign minister, Tran Van Lan, to address the conference in his capacity of observer. France, which is a member, has maintained a standing policy of boycotting SEATO meetings and has sent no one.

The South Vietnamese foreign minister said today that his country's military forces in Cambodia would stay long enough to insure the security of Vietnam, after which they would withdraw.

"We are not there for the sake of Cambodia but to protect the Republic of Vietnam," he said upon arrival here.

The most significant change was the formation of a new government last Saturday that includes seven Palestinians and several East Bank Jordanians who are known for their pro-guerrilla sympathies. The 17-man cabinet is headed by Premier Rifai, a former foreign minister and deputy prime minister.

The king also has ordered dis-

solution of the army's "special branch," a counter-intelligence unit for internal security that has been anathema to the guerrillas.

The draft also has been abolished.

King Criticized

Some guerrilla leaders feel that the king has not done enough. The leader of the Action Organization for the Liberation of Palestine, Dr. Issam Sartawi, a heart surgeon in Paris, charged today that "there's still an anti-revolutionary campaign being waged by the government."

Dr. Sartawi, who was interviewed at his headquarters, said: "The special forces still exist and Gen. Zaid is still in the king's entourage."

U.K. to Report EEC Progress

(Continued from Page 1) with Commonwealth sugar producers which runs until the end of 1974.

The British delegation at the entry negotiations is also anxious to discuss how any adverse effect on the Arab states, on the conditions of an ultimatum, such a settlement as would consolidate the advantages of the aggressor.

"This is the obvious reason for the diplomatic maneuvers of Israel and its Western patrons."

Mr. Podgorny did not say so, but diplomatic sources in Moscow interpreted this as a reference to the new peace plan advanced by Washington last week and an indication that the Russians side with Egypt against it.

Talks in U.S. On Mideast

(Continued from Page 1) said that the Soviet Union presented a Middle East peace formula to the Big Four powers last week in the hope of getting talks between Israel and the Arabs started again in the UN framework.

They said Soviet Ambassador Jacob A. Malik put his proposals before a meeting of the Big Four ambassadors at a meeting last Wednesday. There was no official information on their content. The United States also put forward a Mideast peace plan last week which apparently pleased no one.

Information reaching the UN from the Middle East said the chief point of Mr. Malik's proposals called for the Arabs to recognize the independence and territorial integrity of Israel—which they have refused to do since the Jewish state was established in 1948—a first step toward Israeli withdrawal from all the Arab territories conquered in the June 1967 war.

French Minimum Raised

PARIS, July 1 (Reuters).—The French cabinet today raised the minimum hourly wage from 2.30 to 3.50 francs (from 60.49 cents to 83 cents). The decision, effective today, follows an 0.5 percent increase of the cost of living index during May announced two days ago.

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\$70 Million Theft Laid to Former Wife of Sukarno

DKAARTA, July 1 (Reuters).—The Indonesian government is investigating allegations that Ratna Sari Dewi, beautiful widow of former President Sukarno, embezzled \$70 million worth of war reparation funds, an official said here today.

Meanwhile, in Luxembourg, the Common Market agriculture ministers agreed on the principle of setting up a European fisheries common market by Nov. 1 this year.

The agreement, reached after five hours of negotiations, is not legally binding, though a good chance the deadline would be met.

The provisions would, however, be negotiable with the four candidates for entry into the Common Market.

Noway, which alone produces more fish than the Six together, stressed at today's formal opening of negotiations with EEC that it attached great importance to this subject in the entry talks.

Britain and Denmark, also great fishing nations, both made the same point.

The Six originally agreed to set up a common market for fisheries by April 30 this year, but failed to do so because of conflicting views between France and her partners.

Lufthansa Jet Bomb-Free

GLASGOW, Scotland, July 1 (AP).—A Lufthansa Airlines Boeing-707 freighter made an emergency landing at Prestwick Airport near here early today after a warning a bomb was on board. No bomb was found and the plane continued its flight.

Lord Hailsham Becomes Lord Hailsham

LONDON, July 1 (AP).—Quinton McGarel Rose was sworn in yesterday as Lord Chancellor of Britain—the first man in British history to give up one lordship and another.

He signed the roll at the House of Lords as Lord Hailsham of St. Marylebone, a life baronetage granted by Queen Elizabeth II when the new Conservative government selected him as Lord Chancellor.

The 82-year-old Lord Chancellor gave up the hereditary title of Viscount Lord Hailsham in 1963 to battle Harold Macmillan for the Conservative party leadership.

As Lord Chancellor, Lord Hailsham heads the British judiciary.

Obrey

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United Press International
CANDID CAMERA—A photographer in Wilmington, Del., found this predicament happens outside comics.

Saigon Units Sweep Near Phnom Penh**More U.S.-Trained Mercenaries Arrive**

PHNOM PENH, July 1 (AP).—A South Vietnamese task force of more than 5,000 troops supported by armor swept areas north of Phnom Penh today as 300 more U.S.-trained mercenaries arrived to bolster "the capital defenses."

There were no reports of battlefield contact involving the combined task force of infantry, marines and armored units. Major fighting also slackened elsewhere in Cambodia.

A military spokesman said the only significant actions reported overnight were probes against government positions at Siem Reap and a mortar attack on Neak Leung, the Mekong River ferry crossing 35 miles southeast of Phnom Penh. The latter attack killed three civilians and wounded six.

Special Forces Units

The task force and the arrival of more mercenaries—ethnic Cambodian Special Forces troops from Vietnam—indicated that the major emphasis of allied strategy was to blunt or destroy a Communist threat to Phnom Penh.

The task force, Saigon informants said, was composed of nearly a full brigade of some 2,500 marines and a like number of infantrymen supported by armored units.

Officials here said the operation launched earlier this week under control of South Vietnam's IV Corps command in the Mekong Delta, had led to the collapse of Communist pressure in areas just beyond the capital.

Troops Carry Mercenaries

A convoy of 40 trucks carried the mercenaries, who were recruited from among ethnic Cambodians in South Vietnam and trained by U.S. Green Berets to Phnom Penh. With their arrival, Cambodia now has a strategic reserve of six battalions—nearly 5,000 men—made up of the mercenaries. They are considered the country's elite force, and are charged primarily with defending the capital.

Helicopters Lost

SAIGON, July 1 (AP).—Two U.S. helicopters were reported shot down late yesterday in South Vietnam near the Cambodian border. Eight Americans were killed and five wounded in the two crashes, the command said.

This raised to 3,835 the unofficial total of helicopters lost to all causes in the war, of which 1,702 have been shot down.

The allied command reported a total of 88 Communists killed in scattered fighting in South Vietnam, most of them by aircraft attacks.

President Nixon, in his report on

State Dept. Eases Conditions On Saigon Coalition With Reds

By Neil Sheehan

WASHINGTON, July 1 (NYT).—The State Department is indicating more flexibility in the U.S. approach to the formation of a coalition government in Saigon.

Carl Bartsch, the department spokesman, said yesterday that Washington could agree to the formation of a coalition regime that would include the Vietnamese Communists by some means other than national elections in South Vietnam, the approach the United States had previously emphasized.

"We think elections would be the best means, but at the same time I can't rule out other means," he said.

Mr. Bartsch did not specify what the "other means" might be, but the implication of his remarks was that Washington would consent to a coalition regime that was created through bargaining at the negotiating table and was supposedly structured on the relative political strengths of both sides in South Vietnam.

Exclusion of Saigon

Elaborating on Mr. Bartsch's statement, State Department officials said that the United States would also be willing to hold "preliminary discussions" with Hanoi on the formation of a coalition government for the South without the participation of the South Vietnamese in the talks.

Scientists from the Cetamar also planned to study marine life collected on the bottom of the red boat during its trip along the African and Canary currents.

A radio message received here said that the crew had made its third sighting of an unidentified flying object. Crewman Norman Baker said he was on steering watch Monday night when he observed the flat, circular, illuminated object. He called Mr. Heyerdahl and Dr. Santiago Gómez, Mexican anthropologists, who observed the phenomenon with him for ten minutes.

UN Unit Urges Strong Moves On Air Piracy

MONTRÉAL, July 1 (NYT).—The UN International Civil Aviation Organization urgently called on the world to unite behind a strong security program to protect planes and passengers from hijackers, saboteurs and armed attackers.

At the close yesterday of a two-week "extraordinary" meeting, 37 delegates from 31 countries proposed more stringent guarding of airports. However, the delegates decided against applying sanctions against countries not living up to safety standards that ICAO might prescribe.

The strongly-worded resolutions adopted in a final plenary session would have to be transcribed into the national laws of member states in order to become effective.

The assembly of delegates condemned the 114 acts of violence committed against transport planes in the last 18 months and said public confidence in the safety of international civil air transport was being "undermined."

NATO Talks Open On Red Reply to Troop-Cut Offer

BRUSSELS, July 1 (UPI).—The NATO allies began formal consultations on the Warsaw Pact proposal for a European security conference to discuss East-West troop withdrawals from Central Europe.

Ambassadors of the 15 North Atlantic Treaty Organization nations took up the Communist proposal to a NATO troop withdrawal proposal at their weekly meeting here.

Diplomatic sources at NATO headquarters described today's meeting as "the beginning of consultations which will last quite a while."

One NATO source added: "This will require an intensive effort at clarification."

The sources said the NATO allies wanted to know the planned sequence of troop pullback talks and a European security conference, which would discuss other diplomatic issues in Europe.

Hanoi Showing Ideological Independence From Peking

By Tillman Durden

HONG KONG, July 1 (NYT).—Nhan Dan praising the Japanese party and its assistance to the Communist struggle in Vietnam.

Peking for years has been at odds with the Japanese party, attacking it as a "revisionist clique" that has betrayed revolution because of its policy of cooperating with non-Communist elements and aiming for power by parliamentary means.

The Japanese party criticized Chinese party Chairman Mao Tse-tung's cultural revolution from its beginning and in 1966 tried to draw the Chinese into an arrangement to cooperate with the Soviet party and other Asian parties in joint aid for the Vietnamese Communists.

Peking Backs Hanoi

Peking has sponsored the formation of a rival to the old-line Japanese Communist party. The new group is called the Japanese Communist party (Left) and advocates violence to achieve a revolution in Japan and elsewhere.

The old-line Japanese party is at odds with the Soviet Communist party as well as the Chinese. It charges the Soviet party with having tried to dictate to the Japanese party and then with having fostered a breakaway faction led by Yoshiro Shige.

The Japanese party, in the draft resolution to be considered at its congress, accused Soviet Embassy officials in Japan of "opposing the Japanese revolutionary movement by attending meetings of Shige's group."

The well-publicized contacts of the Vietnamese party with the Japanese party indicate that Hanoi is accepting close cooperation with and support from Communist China relative to fighting the war against the United States and its allies in Indochina, but is not letting this hamper its freedom of action ideologically or in state relations with other countries.

Hanoi still maintains friendly relations with Moscow and has just sent a delegation headed by Hoang Van Hoan, a Lao Dong Politburo member and vice-chairman of the National Assembly, on a goodwill mission to East European Communist countries.

The Lao Dong party, in its message to Tokyo, hailed the Japanese as "the most advanced and progressive in the world."

The American-Political party, an outgrowth of the Wallace for President campaign, will be recognized as a third party on the Wisconsin ballot this fall, according to state officials. Wisconsin Secretary of State George Zimmerman has notified county clerks of the official designation.

Former Alabama Gov. George Wallace was listed on the Wisconsin ballot in 1968 by name only. So far only one person has filed to run under the new American party banner. Edmond Hou-Siey of Sheboygan filed nomination petitions for the U.S. Senate race. He would oppose Sen. William Proxmire, a Democrat.

The message thanked the Japanese party for its "strong and warm sympathy in the Vietnamese Communist struggle against 'U.S. aggression and for national salvation.'

The Lao Dong party, however, also sent a message to Peking, bemoaning the 40th anniversary yesterday of the Chinese Communist Party.

The Japanese party, in its message,

Calls It 'Unfair, Disheartening'

White House Aide Answers NAACP's Anti-Negro Charge

By Jack Rosenthal

WASHINGTON, July 1 (NYT).—The Nixon administration, stung by the accusation that it is anti-Negro, responded sharply yesterday, labeling the charge as "unfair and disheartening." Such a charge, it said, paints a "false picture."

The accusation was made Monday by Bishop Stephen G. Spotswood, chairman of the National Association for the Advancement of Colored People and keynote speaker at its annual convention in Cincinnati. The response came yesterday in the form of a lengthy telegram to Bishop Spotswood from the White House. The response declared that "The President and the administration are committed to achieving equal opportunity for every American."

The telegram was signed by Leonard Garment, Mr. Nixon's chief liaison with civil rights groups. But it is known to echo the feelings of other White House moderates.

"It's a calamity," one said of Bishop Spotswood's address, summarizing administration civil rights and anti-poverty accomplishments. The spirit of those in the administration, "who have fought for these things is just absolutely flat."

Bishop Spotswood described the Nixon administration as the first since 1920 that "has made it a matter of calculated policy to work against the needs and aspirations of Negroes." He listed a series of specific instances of this "anti-Negro policy."

The speech is "an unfair and disheartening attack," Mr. Garment wrote. Much of his telegram was devoted to a point-by-point rebuttal and to a listing of administrative initiatives in the civil rights and poverty fields.

Mr. Garment cited "the landmark family assistance plan, for the first time providing a floor under the income of every family in America," greatly improved food assistance programs, and gains or progress in equal employment, school desegregation, health and housing.

Bishop Spotswood's specific grievances Mr. Garment said, "mis-state and misrepresent the record of the administration" so as to present it in a highly distorting light.

One of the NAACP leaders' charges was that the administration had "weakened our hard-won voting rights act." Mr. Garment contended that the extended voting rights act, signed by the president last week, is stronger than before.

Just a week ago, Mr. Garment said, the President won praise for his "statesmanship" for signing the new voting act from Roy Wilkins, the NAACP's executive director. Clarence Mitchell, its Washington director, and Senator Edward W. Brooke, Republican of Massachusetts, the only Negro Senator.

A major theme of Bishop Spotswood's address was the danger of the nation's evident movement toward racial polarization. He called on both races to work toward a single society.

Mr. Garment's telegram today implied that the address was itself a polarizing act.

"It is one thing to criticize . . .

Italian Protest March Organizer Arrested in N.Y.

MINEOLA, N.Y., July 1 (NYT).—Joseph Colombo, the reputed Mafia leader who helped organize Monday's protest in New York against linking Italians with criminals, was arrested yesterday on a charge of refusing to answer questions about organized crime.

Mr. Colombo, one of 25 persons reported to be associated with organized crime who were named in indictments announced here.

He and 12 of the others were charged with criminal contempt for having refused to answer, or being evasive, when a Nassau County grand jury questioned them about gambling and the infiltration of organized crime into legitimate businesses. District Attorney William Cahn said. All had been granted immunity from prosecution for any information they gave the jury.

Mr. Cahn, who announced the indictments, said the 12 other persons cited by the grand jury were charged with usury, possession of gambling records, criminal solicitation, making false statements or violation of court orders.

The arrest of Mr. Colombo touched off a noisy two-hour demonstration in front of the county courthouse on Long Island by 200 members of the Italian-American Civil Rights League, the organization that sponsored the protest in New York.

\$395 Billion U.S. Debt Bill Signed by Nixon

SAN CLEMENTE, Calif., July 1 (Reuters).—President Nixon has signed a bill extending the public debt ceiling to \$395 billion for fiscal 1971, the Western White House announced today.

The bill increases the permanent limit from \$365 billion to \$380 billion. It also provides for an additional temporary increase of \$15 billion for fiscal 1971.

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It is an entirely different thing to search out ways to portray the actions of the administration in the worst possible light, to rally every fear, and reinforce every anxiety," the telegram said.

"Such a message, painting a false picture of what the administration has done, is doing, and hopes to do, sows distrust and makes our commonly-agreed-on goals more difficult to achieve," the telegram stated.

Wilkins Comments

CINCINNATI, July 1 (NYT).—Mr. Wilkins urged Negroes yesterday to again reject these ideas now being put forth that advocate a separation of the races.

He called the concept of separation a "deadly poison" and said that the National Association for the Advancement of Colored People favors integration. He added that "we intend to fight it out on this line if it takes all summer and, indeed, if it takes 40 more summers."

The executive director of the NAACP discussed the issue before the organization's annual convention here.

While Mr. Wilkins was condemning the separatists, Herbert Hill, another NAACP official, confirmed the attack on the Nixon administration, thus far the distinguishing mark of this convention, by attacking the Nixon administration of "destroying the Philadelphia plan."

Mr. Hill contended that if enforced the plan would have "broken theilly-white union monopoly in the building trades."

The Philadelphia plan is the name given the federal guidelines designed to increase minority employment in the building trades unions.

Mr. Garment cited "the landmark family assistance plan, for the first time providing a floor under the income of every family in America," greatly improved food assistance programs, and gains or progress in equal employment, school desegregation, health and housing.

Bishop Spotswood's specific grievances Mr. Garment said, "mis-state and misrepresent the record of the administration" so as to present it in a highly distorting light.

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"It is one thing to criticize . . .

U.S. Nazi Party Urges Bullets For Three 'Traitors' in Senate

WASHINGTON, July 1 (AP).—The American Nazi party says that anti-war senators are traitors who need a bullet right between the eyes.

Listing Senators George McGovern, D., S.D., J. W. Fulbright, D., Ark., and Mark O. Hatfield, R., Ore., as the vanguard of treason, the party—officially the National Socialist White Peoples party—said that they should all be shot.

Senate Informed

The telephone message was made public late last night when Sen. Mike Gravel, D., Alaska, read a transcript of it on the Senate floor.

The Republican leader, Sen. Hugh Scott of Pennsylvania, said that the Justice Department had been informed and was acting. But spokesman for the agency and the FBI said early today that they were not aware of the matter.

The recorded message is available to telephone callers who dial a certain number. The telephone activates the recording device, which then plays the tape over the phone.

In the message, which was still being played to telephone callers early today, a man identifying himself as Dr. William Pierce said that President Nixon had withdrawn U.S. troops from Cambodia "before they had a chance to do the job they were sent there to do."

Party Spokesman

A Dr. William Pierce has acted as party spokesman and "ideological officer" for more than a year.

The speaker said that military men had urged more time, "but the Reds in our own Senate were squawking so loudly that Mr. Nixon, always the compromiser, agreed to pull our men out."

He said that the only way to win a war was to press for decisive military advantage, but that Mr. Nixon was not doing that in the Indochina war.

"When it's all over, 50,000 young Americans will have been killed for nothing. For nothing, because we won't have really settled anything."

Procaccino to Run For Governor of N.Y.

NEW YORK, July 1 (NYT).—Mario Procaccino, unsuccessful Democratic candidate for mayor last year, announced here he would run for governor this November as an independent so that Italian-Americans would have a choice in the election.

Mr. Procaccino's surprise announcement Monday means there will be four candidates on the ballot. The others are Republican Guy Nelson Rockefeller, who is seeking a fourth term; the Democratic nominee, Arthur Goldberg, former U.S. Ambassador to the UN; and conservative candidate Paul Adams.

After the fourth Saturday, the mayor said, the impact of the 10 a.m.-to-5 p.m. closings on commerce, traffic, air pollution and citizens' convenience will be evaluated. The program's future will depend on the evaluation.

The mayor said that in considering the experimental move he was influenced by the fact that the closing of Fifth Avenue on Earth Day was "a marvelous success."

Part of 5th Ave. To Be Barred to Cars Saturdays

NEW YORK, July 1 (NYT).—Mayor John Lindsay has announced that Fifth Avenue will be closed to all but cross-town traffic from 42d Street to 57th Street for four successive Saturdays beginning July 11.

After the fourth Saturday, the mayor said, the impact of the 10 a.m.-to-5 p.m. closings on commerce, traffic, air pollution and citizens' convenience will be evaluated. The program's future will depend on the evaluation.

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Associated Press
GOT HIM COVERED—One of three men who held up the First State Bank of Lansing, Kan., flees tear gas in the bank as policemen keep him covered. At his feet is a sack of the bank's money. Picture was made by a Leavenworth (Kan.) Times photographer.

3 Bandits Held After Battle at Kansas Bank

LANSING, Kan., July 1 (AP).—Three men tried to rob a bank yesterday almost in the shadow of the Kansas State Penitentiary. They surrendered after a gun battle and tear-gas barrage.

The three would-be bandits entered the Lansing State Bank and demanded money of two women tellers and vice-president Don May. An alarm was sounded that brought Chief of Police Art Graf

to the building. Chief Graf emptied his revolver in an exchange of gunfire before rushing outside to reload his gun.

Sheriff Dan Hawes and a deputy, Roger Dougherty, arrived as one of the men burst from the front door of the bank firing a revolver.

The sheriff identified the men as Delbert Wilson Caldwell, 28, who suffered a gunshot wound; Reginald Letonia Kelsey, 21, and Jesse James Quinn, 24.

As more police arrived, they

wanted to succeed. They do not want us to succeed. They want anything to succeed. A dance of death has commenced."

The bill containing the Family Assistance Plan has passed the House, but appeared to be in considerable trouble in the Senate Finance Committee, despite some administration revisions designed to placate committee members.

The legislation would establish an income floor, assuring a certain level of income for poor families and at the same time requiring most heads of families to register for work or training.

The Senate Finance Committee had been expected to set a hearing for next week but has none scheduled yet. Committee sources expected one to be set when the committee meets after the Independence Day weekend.

Objections have been flying from both the right and the left. The Finance Committee chairman, Sen. Russell Long, D-La., has protested that the bill does not contain enough work incentives. Several conservative committee members are basically opposed to legislation that would enlarge the number of people eligible for welfare assistance.

In pushing ahead on postal reform, the Senate sought to avoid a postal walkout such as the one that tied up much of the nation's mail in April.

The House version contains a "right-to-work" provision barring such union shop agreements. The Senate rejected the right-to-work provision by voice vote.

The House version calls for postal rates to be set by an independent postal commission, subject to veto by Congress within 90 days. The Senate bill provides for no such congressional veto, but would allow aggrieved parties to appeal rate decisions to the courts.

The court-appeal provision was vigorously opposed by the administration on the ground that it could result in "grave confusion, even chaos" within the postal system.

But while differing in these and other aspects, the Senate and House versions carry out the administration's basic proposal for converting the Post Office Department into an independent government agency operated by a commission authorized to negotiate with postal unions, set postal rates and sell bonds to finance modernization projects.

The bills do not include any postal rate increases, such as President Nixon had proposed.

Under the present system, Congress sets postal rates and pays subsidies all deficits and determines sites and equipment.

Senate Votes Bill Reforming Post Office, Raising Pay 8%

By Marjorie Hunter

WASHINGTON, July 1 (NYT).—A weary Senate voted early today to revamp the U.S. postal system and give postal workers an 8 percent pay rise, retroactive to

July 1. The House version contains a "right-to-work" provision barring such union shop agreements. The Senate rejected the right-to-work provision by voice vote.

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The bills do not include any postal rate increases, such as President Nixon had proposed.

Under the present system, Congress sets postal rates and pays subsidies all deficits and determines sites and equipment.

In a two-pronged effort to hold back what legal and medical experts believe is a rising tide of addiction in France, penalties for cities with a high crime rate.

The bill, which passed 342 to 2, also aims to improve jails and prison systems by requiring that 25 percent of the money be used for that purpose.

The vote sent the bill to the Senate where prompt passage is expected. The measure has the endorsement of Attorney General John N. Mitchell. He has called the bill the administration's major program to reduce lawlessness.

The program actually was begun by the administration of President Lyndon B. Johnson but is just now getting beyond the planning stages and starting to operate at substantially increased funding levels.

The distinction thus made between the distributors and the consumers of drugs was based on findings that showed that most of the increase in addiction had occurred among young people. Of 1,200 persons arrested in 1968 for drug use, almost 90 percent were under the age of 30.

Cure Sought

A drug user who is arrested will henceforth be turned over to health authorities. They will subject him to a medical examination and an investigation of his life history. If found to be addicted, he will be placed in a specialized institution for a cure. If not an addict, he will be kept under medical surveillance. In either case, the person may choose the institution or doctor.

A drug addict is still subject to penal measures if he refuses treatment or is a repeater. Penalties of two months to a year in a jail

settlement.

Mr. Procaccino's surprise announcement Monday means there will be four candidates on the ballot. The others are Republican Guy Nelson Rockefeller, who is seeking a fourth term; the Democratic nominee, Arthur Goldberg, former U.S. Ambassador to the UN; and conservative candidate Paul Adams.

Leon Davis, head of the union representing workers at the hospitals and other leaders of Local 1,198 of the Drug and Hospital Workers, had a cause that broke up at 6:15 a.m. with the announcement that the strike was off. The union ordered its members to stay on the job pending a settlement.

NEW YORK, July 1 (UPI).—Non-medical hospital workers today accepted a mediator's recommendation not to strike and called off a scheduled 6 a.m. walkout that would have crippled medical care to patients in 33 private hospitals.

NEW YORK, July 1 (NYT).—Mario Procaccino, unsuccessful Democratic candidate for mayor last year, announced here he would run for governor this November as an independent so that Italian-Americans would have a choice in the election.

The speaker said that military men had urged more time, "but the Reds in our own Senate were squawking so loudly that Mr. Nixon, always the compromiser, agreed to pull our men out."

He said that the only way to win a war was to press for decisive military advantage, but that Mr. Nixon was not doing that in the Indochina war.

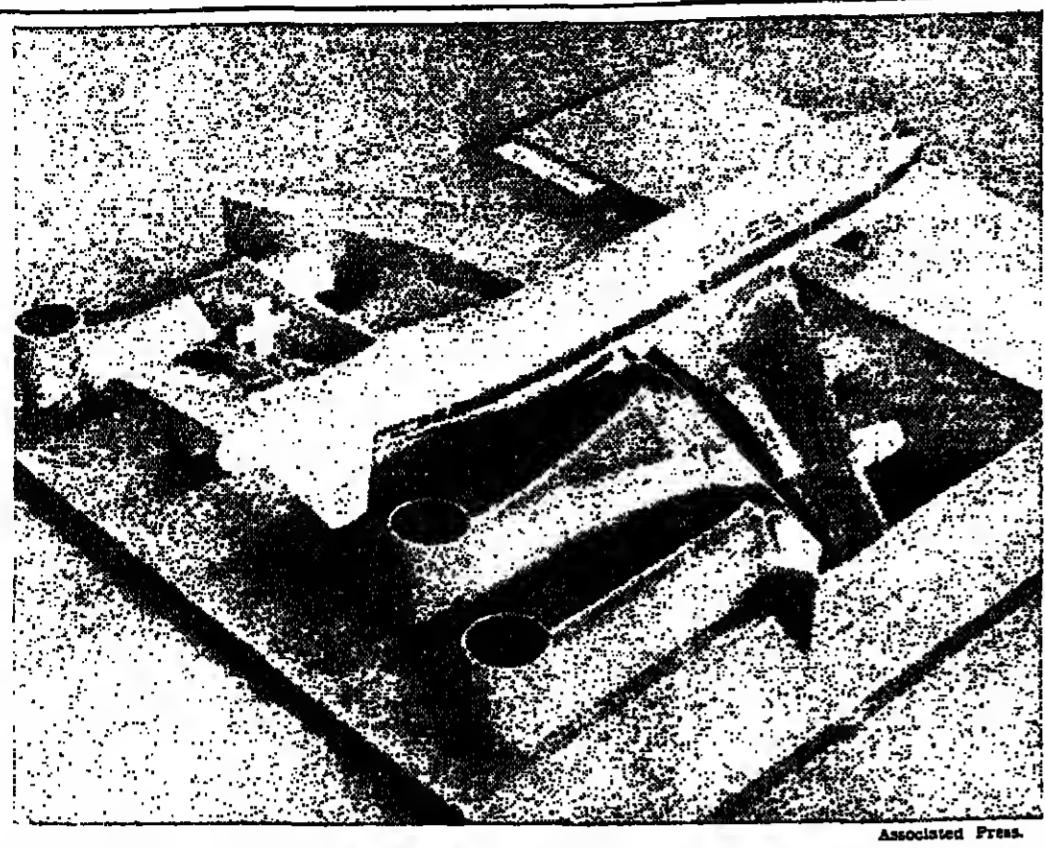
"When it's all over, 50,000 young Americans will have been killed for nothing. For nothing, because we won't have really settled anything."

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town traffic from 42d Street to 57th Street for four successive Saturdays beginning July 11.

After the fourth Saturday



SOUND PROOFING—Swissair plans to reduce noise levels on engine test runs of its Boeing-747. The project (a model of which is shown here) will cost \$460,000.

1,000 Clubs Shut As British Curb Legal Gambling

LONDON, July 1 (UPI)—More than 1,000 gambling clubs across Britain closed down today, victims of a tough new gaming law. A topless stripper marked the event in one town, leading a mock funeral parade.

Elsewhere, the change was viewed more seriously. Some casino operators warned that the new law would drive gambling in Britain underground into Chicago-style speakeasies, under Mafia rule.

London police reported signs of illegal gambling flourishing in the capital in advance of the new gaming act, which took effect at midnight.

The new law restricted legal gambling, reducing the number of licensed gaming clubs in Britain to 165 from more than 1,200. The law also cut down on side attractions, such as burlesque girls, music, dancing and "cabarets."

Sweden Will Open Mission in Hanoi

STOCKHOLM, July 1 (UPI)—Sweden will open a permanent diplomatic mission in Hanoi to handle increased contacts with North Vietnam, the government announced.

Jean-Cristophe Oberig, 35, Foreign Minister Torsten Nilsson's private secretary and a leading policy adviser on Southeast Asia, has been appointed acting charge d'affaires and head of the mission, the Foreign Ministry said.

Crowned Lion



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Ensemble at the new Roger et Gallet Boutique

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"Authentic Zeletas jewelry, inspired by ancient Greek necklaces, bracelets and rings, can only be bought at my chrysotheque:
70 rue St. Honoré in Paris,
6 University Avenue in Athens,
at the Athens Hilton,
and on the island of Mykonos."

Ilias Lalaeunis

Chrysotheque Zeletas. All my creations are 18 or 22 carat gold and cost between \$30 and \$5000.

U.S. Draft Priorities

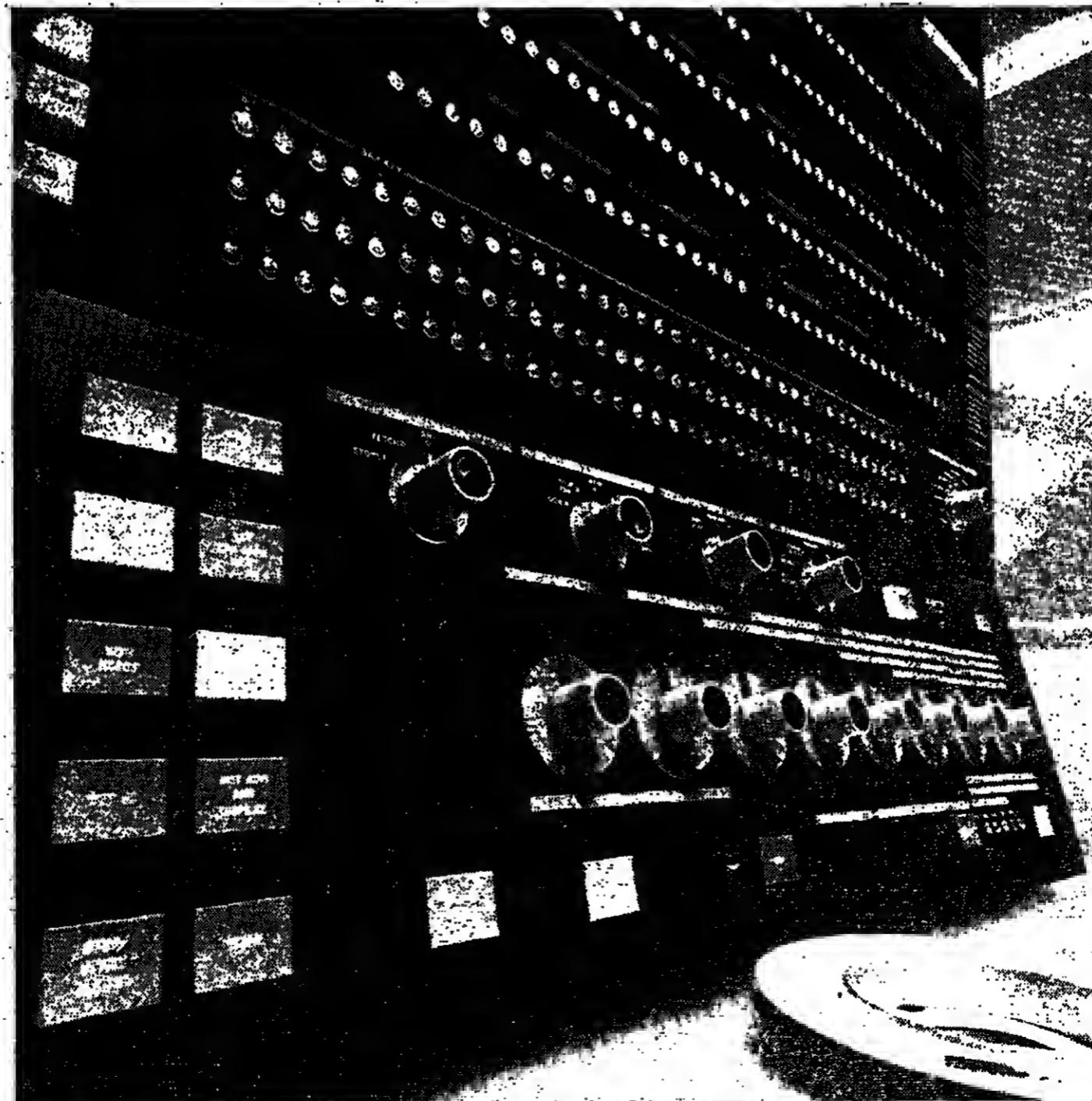
WASHINGTON, July 1 (UPI)—Here are the draft priorities drawn today:

JANUARY			
Date	Draft Priority	Date	Draft Priority
1	123	12	183
2	131	13	233
3	336	14	73
4	99	15	75
5	225	16	24
6	157	17	143
7	116	18	211
8	151	19	121
9	142	20	125
10	121	21	112
11	124	22	126
12	125	23	211
13	126	24	212
14	97	25	225
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17	157	28	228
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The massive data base capability of System/370 makes many new applications possible. You can now carry out those projects you've been waiting to tackle. And take on more large scale on-line applications.

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creative brains on line—even from several locations hundreds of miles apart. They can all be doing different work. And they won't have to wait around either. System/370 is generous with time sharing options.

Performance.

New applications, new functions and new capacity mean improved performance. With System/370 work you couldn't

afford before is now feasible.

**Your Investment in Programs
and Trained People is Safeguarded.**

Best of all, these new computers are fully compatible with System/360. So System/370 has all the experience of System/360 behind it. The proven performance. The reliability. Equally important, your trained people

will feel completely at home. With System/370 your programs can be run as they are.

Computer Services.

On top of this, we've a full range of support for System/370. You have the flexibility to choose exactly what you want in the way of programs and services.

This will be an even bigger advantage as you move into new advanced applications.

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In short, IBM's new System/370 is the answer to today's needs and tomorrow's growth. The answer for Europe. And from Europe. System/370 is produced by co-operation between IBM centres in Havant, England; Montpellier, France; and Mainz, Germany.

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Fruits of Cambodia

The most important result of the American "incursion" into Cambodia, which ended Tuesday, is not the dubious military achievement claimed by the President in his lengthy report from San Clemente but the political reaction on Capitol Hill as reflected in Senate passage of the Cooper-Church amendment.

By adopting this amendment restricting future U.S. operations in Cambodia, the Senate moved at last to reassert the constitutional role of Congress in committing American forces to overseas military action. The Senate vote gives dramatic voice to widespread congressional and public doubts about the wisdom of the Cambodian escalation, which the President once again has defended with unpersuasive rhetoric.

Mr. Nixon asserts that the two-month operation in the border sanctuaries, which cost 339 American lives, has inflicted heavy losses in manpower and material on the enemy, has eliminated "an immediate threat" to allied forces; has diminished the enemy's capacity for offensive operations in southern South Vietnam, and will save American lives and assure the scheduled withdrawal of American troops from Vietnam. These claims may largely be justified, although the accuracy of most of them remains to be demonstrated.

Of greater significance are the dismal facts that the Communists now control far more of Cambodia than they did when the allied thrusts began; that the Lon Nol government in Phnom Penh is in a more precarious position than ever; that the Communists have secured new supply routes

through which to infiltrate men and the additional supplies that have been promised by their friends in Moscow and Peking; that the American move has driven Indochinese Communists closer together and closer to Peking.

American forces, in short, are leaving Cambodia in far worse shape than it was when they entered. Mr. Nixon indicated that he will try to meet this new situation by giving "encouragement and support" to intervention by Thai and South Vietnamese troops—traditional foes of the Cambodians—on behalf of the threatened Lon Nol regime. The Senate has prudently sought to foreclose this perilously unpromising gambit by retaining in the Cooper-Church amendment a ban on financial support for foreign troops in Cambodia. Even if the House fails to uphold the Senate action, as seems probable, the administration is on notice that it faces powerful opposition to any such move.

The President came closer to the mood of Congress and of the country in those passages of his report in which he disavowed any faith in a military solution to the Indo-Chinese conflict and promised renewed efforts to seek a negotiated settlement for the entire region. If he follows up these promising words with deeds—such as the prompt designation of a new top-level negotiator in Paris—he will find the new mood in Congress, which he has so stubbornly resisted, is really an asset that can help him and the nation out of an increasingly difficult predicament.

THE NEW YORK TIMES.



'We Were Completely Successful—We Got Out Before Any More of It Went Down.'

The Economy at Midyear

At midyear the United States economy is sliding into a recession. Unemployment, which reached 5 percent of the labor force in May, almost certainly climbed higher in June. With hundreds of thousands of young people entering the job market at a time when employers are laying off workers, unemployment will go higher this summer and threatens to hit 6 percent by the end of the year.

The most disturbing aspect of the immediate economic outlook is the sag in spending on industrial and commercial construction and on inventories. A fall in business investment would turn this mild slump into something more serious.

McGraw-Hill has just reported that construction contract awards plummeted 23 percent in May from the figure a year ago. Businesses are trimming their plans for spending on new plant and equipment, in order to conserve cash. Their profits before taxes have dropped more than \$10 billion in the past year. With orders low, manufacturers are operating below 80 percent of capacity. The end of the big postwar boom in capital spending may be here. If it is, the economy could be facing a period of sluggish growth lasting years rather than months.

With all the downward pressure on the economy, the first signs of a slowing of inflation seem to be appearing. Some sensitive commodity price indexes are down; the overall wholesale price index is rising

THE NEW YORK TIMES.

International Opinion

Assessing Cambodia

The real significance of the Cambodian operation will probably not become apparent for several months, when it can be seen to what extent the Communists are able to restore their supply lines. Certainly it has now become a matter of high importance to Washington and Saigon that the government of Gen. Lon Nol should not be overthrown by the Communists. To that extent, the Cambodian operation has resulted in a widening of American and South Vietnamese preoccupations. Mr. Nixon's reiterated appeal to the Communists to negotiate seems less likely than ever to gain a response.

—From the *Daily Telegraph* (London).

judgment, not of aim. And, if to say so, does not rub salt into the wounds, they were well intentioned.

It is still the Communists who must be condemned without reserve for their ruthless pursuit of supremacy in Indochina, no matter what the cost in human suffering.

—From the *Guardian* (London).

June 30 is here and President Nixon has won his gamble. But, in retrospect, it was indeed a stupid gamble. Mr. Nixon can indeed say that the sanctuaries have been cleaned up. But for how long?

And the headquarters whose destruction was the principal objective of Operation Prometheus was never discovered. The amount of captured equipment is indeed impressive. But the enemy escaped and equipment can be replaced.

The Americans have gained precious time which will enable them to go on Vietnamizing the war and to withdraw more troops from South Vietnam. If these are the real, the only gamble, it was won. But at what price?

Small Cambodia, an oasis of peace and joy, is torn by a civil and foreign war. It is occupied by one of its historic foes, South Vietnam, and the Vietnam war has become again the Indochina war

—From *Combat* (Paris).

In the International Edition

Seventy-Five Years Ago

July 2, 1895

PARIS—One of the most disastrous conflagrations which Paris has seen for many years took place yesterday in the Rue Rochechouart. The fire began in the factory formerly known as the Maison Godillot but of late years as the Compagnie Française d'Enterprises Militaires et Civiles. It is not yet certain how it was caused. The damage to the factory is estimated at 2,700,000 francs.

Fifty Years Ago

July 2, 1920

WASHINGTON—The Republican party gained considerable prestige among women voters of the country today when a colloquial conference with Senator Warren G. Harding, the Republican Presidential nominee, Governor P.W. Clement of Vermont, announced that he will call a special session of the State Legislature immediately to obtain the State's approval to the Federal Constitutional Amendment granting women suffrage.

Mournful Numbers

By Joseph Alsop

WASHINGTON.—It is an odd fact, but it is still a fact, that President Nixon regards his own party's doings in Virginia as just about the worst political news he has heard all year.

As everyone now knows, the Virginia Republicans insisted upon naming a Senate candidate, Hay Garland, to run against Sen. Harry F. Byrd Jr., now an independent, and the Democratic candidate, as yet not chosen. What is not known is the massiveness of the effort the White House put into preventing the Republicans from offering competition for Byrd.

At one point the President himself called Gov. Linwood Holton, to get him into line. Great amounts of time and work were put into the Virginia situation by GOP National Chairman Rogers Morton and the chairman of the Senate Republican Campaign Committee, John Tower of Texas. The party's moneybags were unanimously mobilized on the side of the White House.

One can only hope that this tricky maneuver works to end the slump while stopping the inflation. But events of the last year and a half are a reminder that the art of economic steersmanship is crude—especially when the plot insists that the only instrument he needs is an engine. Indeed, given the complexity of the national economy, a moratorium should be declared on oversimplifying analogies.

THE NEW YORK TIMES.

something like a political earthquake—is a net gain of seven seats. And a political earthquake is just what President Nixon longs for most.

The desperate importance to the President of being assured of a cross-over vote by Sen. Byrd should now begin to be apparent. When the White House plan for Virginia seemed to be running on well-greased wheels, it looked as though the President were three, down and four to go on the way to gaining Senate control. The three were Rep. George Bush, running in Texas, Rep. Robert A. Taft Jr., in Ohio, and the hoped-for cross-over vote of Sen. Byrd.

That still left three more seats that the White House and its strategists expected to win (as

they still do), plus five seats where the odds were even or a little better. In sum, while Byrd's cross-over vote still seemed to be in the bag, the mathematics of this Senate election were actually pretty favorable to the President.

Even then, however, it was a ringer-edge proposition. Even then, in fact, the Republicans would have had to win at least two out of five even bets, and they might have had to win as many as four out of five. As it is, however, the Republicans have to try to win at least three out of the five of the even bets. And if they lose a couple of seats of their own, they will have to win five out of five of the even bets.

The mathematics of the election have thus been turned around.

Summoning Up the Blood

By Robert J. Donovan

WASHINGTON—Debate over the pace of U.S. withdrawal from Vietnam is being aggravated by the "bloodbath" issue, which finds President Nixon and his supporters on one side and many leading war-policy critics on the other.

The question, laden with emotion, is whether an early pull-out of US troops would condemn America's allies and friends in South Vietnam to massacre by the Communists.

The President believes it would. For him and others who share it, this belief has an inhibiting effect when it comes to being comfortable about an early American withdrawal.

On the other hand, various scholars as well as a number of leading political figures, including former Secretary of Defense Clark Clifford and Sen. J. W. Fulbright, chairman of the Senate Foreign Relations Committee, discount the danger of wholesale massacre.

Many critics who share their viewpoint hold that Mr. Nixon is trying to scare Americans into supporting his war aims by drawing a fiendish picture of what would happen if these aims—a "just peace," etc.—are not realized.

The President has repeatedly maintained that a premature U.S. withdrawal would lead to massacres. And in his celebrated speech on the war last Nov. 3 he dropped in the further consideration—of no small political consequence at home—that Americans were setting out for a massacre.

Assuming that they were not totally convinced or frightened away, what would these highly armed South Vietnamese be doing while the Communists were setting out for a massacre?

In large part Mr. Nixon based his gloomy opinion on the slaughter that occurred in North Vietnam after the Communists seized control there 18 years ago. However, Prof. George Kishin, director of Cornell University's Southeast Asian program, contends that the President labors under an "appalling misunderstanding" of what really happened in North Vietnam.

Also, Gelb and Halperin caution that predictions about a bloodbath can be nothing more than speculation and hence could prove false. (This admonition is strengthened by the variance between the Rand Corp. prediction of at least 100,000 executions and the President's estimate of "millions" of deaths.)

Another who challenges Mr. Nixon's dire forecast is Clifford. Writing in a recent issue of *Life* magazine, he said: "When it becomes apparent that the Americans are in fact leaving, all the sides seeking power in South Vietnam will have a strong incentive to negotiate a compromise settlement."

Along this line Richard J.

Backing Into the Future

By David S. Broder

HARTFORD, Conn.—At the Democratic state convention here last weekend, a pair of dissident party leaders were discussing the qualifications the organization was seeking in the candidate for secretary of state.

"I hear," said one, "they're looking for a Jewish woman who speaks Polish and has a Negro son."

"No," said the other. "You've got it wrong. It's got to be a Polish-Jewish woman whom peaks Negro. They're rehearsing them in saying 'Pass the watermelon, baby.' They both laughed.

Ethnic ticket-balancing is nothing new in the polyglot politics of Connecticut and other New England states, of course. But in the naked form that was practiced here last weekend, it seemed yet another measure of the galactic distance between the "old politics" of balanced tickets and the leadership of the immigrants.

Indeed, in a period of massive alienation from government, such "irrational" ties may be the strongest that exist between the citizens and their rulers.

The political parties have always played on tribal loyalties. What is critical is whether they use them to exacerbate the differences between groups or (to coin a phrase) to bring us together.

In 1960, John Kennedy could say, "I am not the Catholic candidate for President; I am the Democratic candidate." And he won votes from hard-shell Baptist Southern Democrats, who never could have backed him as a Catholic New Englander.

In this way, his support was translated from the narrow and divisive level of his ethnic-religious background to the broader frame of his party. And in that transformation, his election became, not just the victory of one tribe over another, but a mandate for a certain kind of policy and program, which the Democrats as a party had adopted.

Now, the theorists of the "new politics" regard the parties not as essential coalition-building devices, but as barriers between the "people" and "right policies." Remove the parties (or weaken their leadership and discipline) and the people will make the government responsive, they argue.

Well, the parties have been weakened plenty in recent years, particularly the Democratic party, and it is not at all clear that the result is what the "new politics" reformers expected.

Instead of elevating us to a new plane of issue-oriented direct democracy, it may sweep us backward toward the primitive brutalities of tribal warfare.

When voters lose the habit of identifying themselves as Republicans or Democrats, they may not, as the reformers hoped, begin to think of themselves as conservatives or liberals, or even hawks or doves. They may instead view electoral politics as a power struggle between Italians and Irish, Catholics and Yankees or blacks and whites. And that we could do without.

Letters

Mideast and Rhineland

In your June 17 issue Mr. Joseph Alsop, who is a very smart columnist, compares the Russian infiltration in the Middle Eastern war with Hitler's reoccupation of the Rhineland.

Everybody knows that the Treaty of Versailles contained a series of blunders and that the demilitarization of the Rhineland was only made with a view to offering security to France. Far be it from me to endorse Hitler's measures. It is, however, plain that the reoccupation of the Rhineland by the German Army was only a natural issue from Germany's national viewpoint, at least—to recover sovereignty over its own land.

France and Germany are direct and natural neighbors, who have been living as such for many, many centuries. They have been involved in so many wars against each other. What under the canopy of heaven has Israel again got to do here, and how could a similarity be established in such a historical context? Hardly over a score of years ago Israel was not yet born. It is rather difficult to follow Mr. Alsop's reasoning.

—IBRAHIM NACCACHE, Beirut.

No Kidding

Although many of them are over 25 years of age, sympathetic news reports continue to call student rioters "the kids." If those old pothead rock-throwers are still kids, when one wonders, will they ever become men with a sense of responsibility?

—STEPHEN MADERICK, Clamart, 92, France.

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FINANCE

Page 9

Budget Deficit Seen Climbing in U.S.

By Edwin L. Dale Jr.

WASHINGTON, July 1 (NYT).— Congressional action and inaction are threatening to add more than \$7 billion to the U.S. budget deficit for the fiscal year that begins tomorrow; a new official tally disclosed yesterday.

The tally was compiled by an arm of Congress itself, the Joint Committee on Reduction of Federal Expenditures.

While most members of Congress, supported by many economists, believe that a budget close to balance is appropriate for the new fiscal year, the President has projected a deficit of \$1.5 billion—the collective actions and inactions of Congress and its committees now seem highly likely to produce a deficit between \$6 billion and \$10 billion.

These are some of the major items:

• Failure to raise postal rates, including an 8-cent first-class rate: \$1.6 billion.

• Failure to impose a tax on the lead in gasoline: \$1.5 billion. This item is almost universally regarded as dead.

• The actual spending impact in the fiscal year 1971 of additions to appropriations bills and other laws to date: nearly \$300 million already enacted and nearly \$1.5 billion more in bills now at various stages of House and Senate action, with other appropriation bills to come.

• Failure to enact a speed-up of collections of estate and gift taxes: \$1.5 billion. This bill still has a slight chance of enactment.

• Refusal of Congress to abolish or change old programs as requested by the President: up to \$700 million.

The catalogue does not include the impact of the hospital construction bill vetoed by the President. The veto subsequently was overridden by Congress.

The reason is that this was an authorization bill, which sets the limit on spending. The appropriations bill, which sets the actual outlay figure, has yet to be acted upon. The chances are that spending here, too, will be pushed above the budget estimates.

Congress is likely to make minor reductions in some of the appropriations bills, partly offsetting increases in others. Foreign aid is an example.

But the only major saving that seems possible is in defense, and the best available current information

is that defense reductions this year will be far less than the \$6 billion cut last year.

Unemployment Ryed

WASHINGTON, July 1 (Reuters).—The administration is tightening up on the secrecy precautions surrounding unemployment statistics, due to be announced tomorrow at 3:30 p.m. local time, just after New York stock markets close for the long July 4 weekend, but the unofficial consensus is that the latest figures will show a rise from the present 5 percent.

Government economists say the figure is to get the figures out as quickly as possible and avoid any advance leaks to the press. Newly appointed Labor Secretary James Hodgson conceded that the latest could strike 5.5 percent before the end of the year, and Federal Reserve Board member Andrew Brimmer has forecast an average rate of 5.5 percent for the latter half of the year.

The other was in the form of four

congressional study showing that 22 percent of Penn Central stock is controlled "presumably" through trust departments "for the benefit of others," commercial banks, most of them also the railroad's creditors.

Carried to its ultimate conclusion, the transfer of assets, from railroads to other subsidiaries of railroad holding companies "could lead eventually to the wholesale abandonment of rundown, virtually worthless railroad trackage and equipment and the necessity for nationalization of the railroads," a study by the ICC's bureau of economics said.

Secret ICC Report Out

Congress Skepticism Mounts In Penn Central Rescue Case

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Kept Secret

The gift of the four secret reports, written more than a year ago, had been reported by The Washington Post (and the International Herald Tribune). They were still kept under wraps—on the excuse that full disclosure might weaken investor and creditor confidence in other railroads in a poor condition. Yesterday, Rep. John E. Moss, D., Calif., author of the Freedom of Information Act, moved without dissent that they be read into the Commerce Committee record.

One ICC report, based on a study of five railroad-oriented conglomerates—Pango, Panta, Illinois Central Industries, Kansas City Southern Industries, Kaylor Industries, and Northwest Industries—cited these alleged abuses of railroad interests by a parent holding companies.

• Special dividends or other transactions in which the railroad transfers assets at book value to the holding company, with the latter realizing the benefits of their appreciated market value.

• Loans from the holding company so that the railroad can pay dividends unwaranteed by its earnings performance.

• Loans from the railroad to the parent company at no interest or below prevailing rates.

• Sales of railroad-owned real estate, air rights and other assets to finance further acquisitions by the holding company—often without adequate compensation to the railroad.

• The use of the railroad's operating losses, accelerated depreciation or investment credits to cut the tax bill of other assets in consolidated returns without properly sharing these benefits with the railroad.

• Requiring that the carrier lease property from the holding company at greater cost than if the carrier owned the property outright.

• Charging salaries and expenses of holding company executives to the railroads.

Cornfeld Loses Last Position In Fund Empire He Founded

(Continued from Page 1)

18 directors elected by holders of

of preferred shares, primarily persons

within the company.

Holders of common shares—

there are about 11 million outstand-

ing—voted for nine directors. Mr. Cornfeld was on the list of nominees to be voted upon by common shareholders.

Peter Ackerman, a representative of a group of West German shareholders, asked why Mr. Cornfeld had been on that list.

International Stress

Gilbert Bennett, Canadian com-

sel for IOS Ltd., chartered in

Canada and based in Geneva, said:

"It was felt that the common shareholders should be asked to vote for those who had an international reputation."

Sir Eric, at a news conference

earlier today, said Mr. Cornfeld had

"very valuable vision—but hadn't fully grasped the responsibilities of its implementation."

Sir Eric said Mr. Cornfeld's re-

moval from the top position in the

company was a "personal tragedy

to him."

Elected From Floor

Mr. Cornfeld was one of only two

management nominees not elected

Floor nominees Victor E. Preusker

of Munich, a former federal

housing commissioner for West

Germany who has held salaried

positions with IOS, and Marvin

Hoffman, new IOS Ltd. vice-president, were elected.

They were the only nominations from the floor on the common shareholders' list.

But the opposition Christian

Democratic party said the bank had

been forced into taking drastic action

by the "inactivity" of the Bonn

government.

LAF said dealers reported that

the Central Bank was forced to in-

tervene heavily on the Frankfurt

currency market today, and ab-

sorbed more than \$400 million in

dollars.

The minimum reserve require-

ment is the percentage of currency

held by commercial banks that

must be deposited with the Central

Bank. A rise in the reserve rate

acts as a curb on economic expan-

sion by taking out of the hands of

the commercial banks money that

could be used for investment or

speculation.

Today's action, decided by the

Bundesbank board of governors at

their fortnightly meeting in Frank-

furt, raises the reserve rate from

14.7 percent to almost 17 percent.

The bank governors had taken the

usual step of announcing on

June 18 that they intended to raise

the reserve requirement.

By telephoning their intentions in

advance, they were putting pressure

on Chancellor Willy Brandt's govern-

ment to take steps of its own

against inflationary economic ex-

pansion.

In its June report, the Bundesbank

said that effective earnings of

West German workers during the

first quarter of 1970 were 14

percent higher than in the same

period of 1969, whereas industrial

productivity rose only 4 percent

during the same period.

The bank report warned that

this situation was bringing West

Germany to the edge of a "wage

explosion" that could result in

runaway inflation. It called on

the government to temporarily in-

crease taxes as a means of cutting

demand and lightening the load on

the overburdened labor market.

Although the bank report forced

the government to shelve legisla-

tion that would have broadened

tax exemptions, the Brandt regime

so far has not responded to the

bank's call for increased taxes and

other anti-inflationary measures.

A full-dress review of possible steps

to cool off the economy is expected

at a cabinet meeting next week.

Economic Boom

FRANKFURT, July 1 (UPI).—Mr. Klaesel estimated today that the increase in the minimum reserve requirements would amount to about 3 billion marks (\$819.70 million).

Withdrawal of this amount from the cash banks have in hand would help cool down the economic boom, which has shown no signs of ending despite October's upward reva-

lution of the marks.

Mr. Klaesel said that in June alone about 3.8 billion marks (\$104 billion) in foreign currency had entered West Germany.

This compared with a deficit of 526 million marks in April and a surplus of 483 million marks in May last year.

Payments Gain

FRANKFURT, July 1 (Reuters).—Germany's basic balance of payments showed a surplus in May for the first time this year, the Federal Bank announced today. It amounted to 309 million marks.

This compared with a deficit of 526 million marks in April and a surplus of 483 million marks in May last year.

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• Sales of railroad-owned real estate, air rights and other assets to finance further acquisitions by the holding company—often without adequate compensation to the railroad.

• The use of the railroad's operating losses, accelerated depreciation or investment

New York Stock Exchange Trading

— 1970 —		Stocks and		Sls.		Net		Stocks and		Sls.		Net										
High.	Low.	Div.	In \$	100s.	First	High	Low	Last	Chg/pe	100s.	First	High	Low	Last	Chg/pe							
(Continued from preceding page.)																						
25 ²⁴	12 ¹²	MCA Inc	.60	2	14	14	14	14	+	14	53 ¹⁴	12 ¹²	Plan Resrch	73	16	16						
25	12 ¹²	May-Ju	.50	5	14 ¹²	14 ¹²	14 ¹²	14 ¹²	—	12 ¹²	85	55	Ploughinc	.48	27	66	66 ¹²	66 ¹²	—			
28 ¹¹	20 ¹⁴	Maytag	1 ¹²	9	25 ¹⁴	25 ¹⁴	25 ¹⁴	25 ¹⁴	—	130 ¹⁴	31	Polaroid	.32	267	52 ¹²	52 ¹²	52 ¹²	+14				
30	18 ¹²	McCord	1.20b	1	22 ¹²	22 ¹²	22 ¹²	22 ¹²	—	17 ¹²	13 ²	Porter 1 ²⁰	3	14 ¹²	14 ¹²	14 ¹²	14 ¹²					
45	46	McCro	p1.40	>70	48 ²	48 ²	48 ²	48 ²	—	69 ¹²	62	Porter El	.50	280	64 ¹²	64 ¹²	64 ¹²	—				
26 ¹⁴	14 ¹²	McCrory	1.20	2	15 ⁸	15 ⁸	15 ⁸	15 ⁸	—	21 ¹²	16 ²	Porto El	.80	24	17	17 ¹²	17 ¹²	—				
55	15 ¹²	McDermit	1.18	18	17 ¹²	17 ¹²	17 ¹²	17 ¹²	—	14 ¹²	12	Porto El	p1.40	47	12 ¹²	12 ¹²	12 ¹²	—				
45 ²⁴	27 ¹²	McDonald Co	.31	34	34	34	34	34	—	51 ¹²	49	Port El	p1.40	39	31 ²	33 ¹²	33 ¹²	33 ¹²				
28	13 ¹²	McDonnD	.40	103	13 ¹²	13 ¹²	13 ¹²	13 ¹²	—	37 ¹²	37 ¹²	PPG Ind	1.40	4	33 ¹²	33 ¹²	33 ¹²	—				
34 ¹⁴	21 ¹²	McGrEd	1.40	57	23	23	23	23	—	20 ¹²	16 ²	Premred	.60	1	16 ¹²	16 ¹²	16 ¹²	—				
39	17 ¹²	McGill	.60b	71	11 ⁵	11 ⁵	11 ⁵	11 ⁵	—	19 ¹²	16 ²	Premrin	p1.50	28	12 ¹²	12 ¹²	12 ¹²	—				
47	19	McGh	p1.20	2	19 ⁴	19 ⁴	19 ⁴	19 ⁴	—	22 ¹²	17	PortG El	1.30	35	17 ¹²	17 ¹²	17 ¹²	—				
17 ¹²	12 ⁸	McIntyre	2	22 ¹²	15 ¹²	15 ¹²	15 ¹²	15 ¹²	—	14 ¹²	12	Porto El	p1.40	47	12 ¹²	12 ¹²	12 ¹²	—				
44 ¹²	31 ¹²	McLean	.80a	27	35 ⁴	35 ⁴	35 ⁴	35 ⁴	—	27 ¹²	21 ²	Pot El	p1.40	4	33 ¹²	33 ¹²	33 ¹²	—				
30	13	McLoun	.40b	11	13 ⁴	13 ⁴	13 ⁴	13 ⁴	—	37 ¹²	37 ¹²	PPG Ind	1.40	96	25 ⁴	24 ⁴	21 ¹²	21 ¹²				
17 ¹²	11 ¹²	McNell	.70	3	12 ⁴	12 ⁴	12 ⁴	12 ⁴	—	16 ¹²	12 ²	Premred	.60	1	16 ¹²	16 ¹²	16 ¹²	—				
27 ¹²	12 ¹²	Mead Corp	.19	399	12 ¹²	12 ¹²	12 ¹²	12 ¹²	—	12 ¹²	11 ²	Porto El	p1.50	28	12 ¹²	12 ¹²	12 ¹²	—				
46	34	Mead p1.50	.94	36	34	34	34	34	—	19 ¹²	16 ²	ProdGamb	.50	58	47	49 ¹²	49 ¹²	49 ¹²	—			
33 ¹²	21 ¹²	MedusaC	1.20	4	21 ¹²	21 ¹²	21 ¹²	21 ¹²	—	20 ¹²	17	ProdRsch	.10	5	7 ⁴	7 ⁴	7 ⁴	—				
14 ¹²	5 ⁴	MEI Corp	.50	5	5 ⁴	5 ⁴	5 ⁴	5 ⁴	—	22 ¹²	17	PublSci	1.12	35	19 ⁴	19 ⁴	19 ⁴	—				
35 ¹²	23 ¹²	Mell Shoe	.78	26 ⁴	30	26 ⁴	30	26 ⁴	—	27 ¹²	20 ²	PublSciEG	.16	182	21 ²	21 ²	20 ²	—				
66	65	Melt Sh p1.4	.28b	45	45	45	45	45	—	27 ¹²	20 ²	PSEG p1.80	.20	220	80 ¹²	80 ¹²	80 ¹²	—				
16 ¹²	6	Memorex	Cp	42	42 ¹²	42 ¹²	42 ¹²	42 ¹²	—	27 ¹²	20 ²	PSEG p1.85	.28	210	65	65	65	—				
67 ¹²	51 ¹²	MercanS	1.40	10	58	57 ⁴	56	57 ⁴	56	—	27 ¹²	20 ²	PSEG p1.85	.28	220	64	59	59	—			
11 ¹²	78 ¹²	Merck	2a	104	87 ⁴	86	85 ⁴	84	+	27 ¹²	20 ²	PSEG p1.85	.28	210	49 ¹²	49 ¹²	49 ¹²	—				
44 ¹²	18 ¹²	Meredith	1.30	6	18 ¹²	18 ¹²	18 ¹²	18 ¹²	—	27 ¹²	20 ²	PSEG p1.85	.28	1	18	18	18	18	—			
51 ¹²	24	Mesa Pet	.10	36	30 ⁴	30 ⁴	26 ⁴	26 ⁴	—	27 ¹²	20 ²	PublSci	2.08	7	33	33	33	33	—			
96 ¹²	44	Mes sr p1.20	.6	52	54 ⁴	54 ⁴	52 ⁴	53	—	27 ¹²	20 ²	PublSci	p1.04	122	21 ²	12 ¹²	12 ¹²	12 ¹²	—			
10 ¹²	8 ¹²	Mesabat	.42b	34	8 ⁴	8 ⁴	8 ⁴	8 ⁴	—	27 ¹²	20 ²	PublSci	p1.04	122	20 ²	12 ¹²	12 ¹²	12 ¹²	—			
36 ¹²	23	Mesta Mich	2	1	23 ⁴	23 ⁴	23 ⁴	23 ⁴	—	27 ¹²	20 ²	PublSci	p1.04	122	20 ²	12 ¹²	12 ¹²	12 ¹²	—			
22 ¹²	12 ¹²	MGM	.90	44	10 ⁴	10 ⁴	10	10	—	27 ¹²	20 ²	PublSci	p1.04	122	11	11	11	11	—			
52	46	MetEd p1.90	.20	25	45	45	45	45	—	27 ¹²	20 ²	RCA 1	.20	210	20 ²	20 ²	20 ²	20 ²	—			
58 ¹²	33	MIGIC Inv	.12	87	37 ⁴	39	37 ⁴	39	—	27 ¹²	20 ²	RCA p1.4	.4	57	57 ¹²	57 ¹²	57 ¹²	57 ¹²	—			
17 ¹²	13	MicGesu	1	8	15 ⁴	15 ⁴	15 ⁴	15 ⁴	—	27 ¹²	20 ²	RalconP	.70	60	22 ²	22 ²	22 ²	22 ²	—			
17 ¹²	11 ¹²	Micr Tube	1	5	11 ⁴	11 ⁴	11 ⁴	11 ⁴	—	27 ¹²	20 ²	Ramada	.34	22	14 ¹²	14 ¹²	14 ¹²	14 ¹²	—			
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Bank Stocks

	Bid.	Asked	Prev.
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Tr.	65	75	85
Chicago Corp.	51	51 1/2	50 1/4
Boston	60 1/2	61 1/2	61 1/4
St. Co.	51 1/2	53 1/2	51
Irishdead.			
European Markets			
yesterday's closing prices in local currencies!			
erdenam			
—	16.40	Mark-Spen...	55 1/4
ok.	—	MetalBox....	57 1/4
k.	—	Nicholas....	9 1/2
bb.	21.50	RondMines....	157.6
—	—	Rank-Org....	96 7/8
—	—	RhôneAlpin....	9 1/2
—	—	Röts-Royce....	12 4/4
—	—	Rootes-Amer....	3 1/4
—	—	RoyaalDutch....	18 3/8
—	—	R.T.Z....	57 1/2
—	—	Shell....	45 1/4
—	—	Tuba Invest....	65 7/8
—	—	Union Corp....	182 1/2
—	—	Vickers....	24 1/2
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—	—	West Deep....	83 7/8
—	—	West Drieh....	131 10 1/2
—	—	West Held....	139 4/4
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—	2,098	Finsider....	615
—	1,310	General....	—
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—	1,554	LaRinasC....	—
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What a good time...



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1.502	Pirelli	2.505
12.408	Snaïveco	3.210
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eldorf		Paris
172.50	Air Liquide	348
sen.	Béghin	173.10
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141.80	Can Pacific	291.30
bk.	C.G.E.	423
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144.30	CleBancalair	500
Benz	Créd.Comm.	160
357	Créd.Lyonn.	—
155	DaBebers 100.	20
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291	Fr.Pétroles	162.50
...	IBM	1.438
67	ImpOil	01.30
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71.50	Mech.Ball.	—
295	Michelin	1.070
215.10	Mobil	260.50
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61	PerthMarc.	—
165.50	Péchiney	197.50
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425	Radio Techn.	227.50
121.50	Rhôkana	32.10
...	Rh.Poulenc.	242
149.50	Rio Tinto	42.20
151.00	RoyalDutch	206.50
...	St.Gobain	125.50
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181/4	St.Générale	22.65
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...	Zurich	
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9/4/6	BrownBoveri	1.640
...	Ciba Rep.	0.150
71/3	ElektWatt	1.090
1/4/6	Hoff-Roche	140.000
54/7/6	MotColumb.	1.370
24/7/6	Nestle bear.	3.040
...	Saurer	1.650
2/10/6	Sodec	122
42/6	Salizer	3.550
50/6	Un.B.S.	3.520
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20/7/19		
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56/6		
26/4/14		
33/1/14		
117/6		
45/1/14		
53/7		

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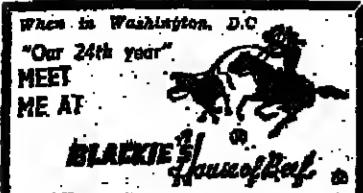
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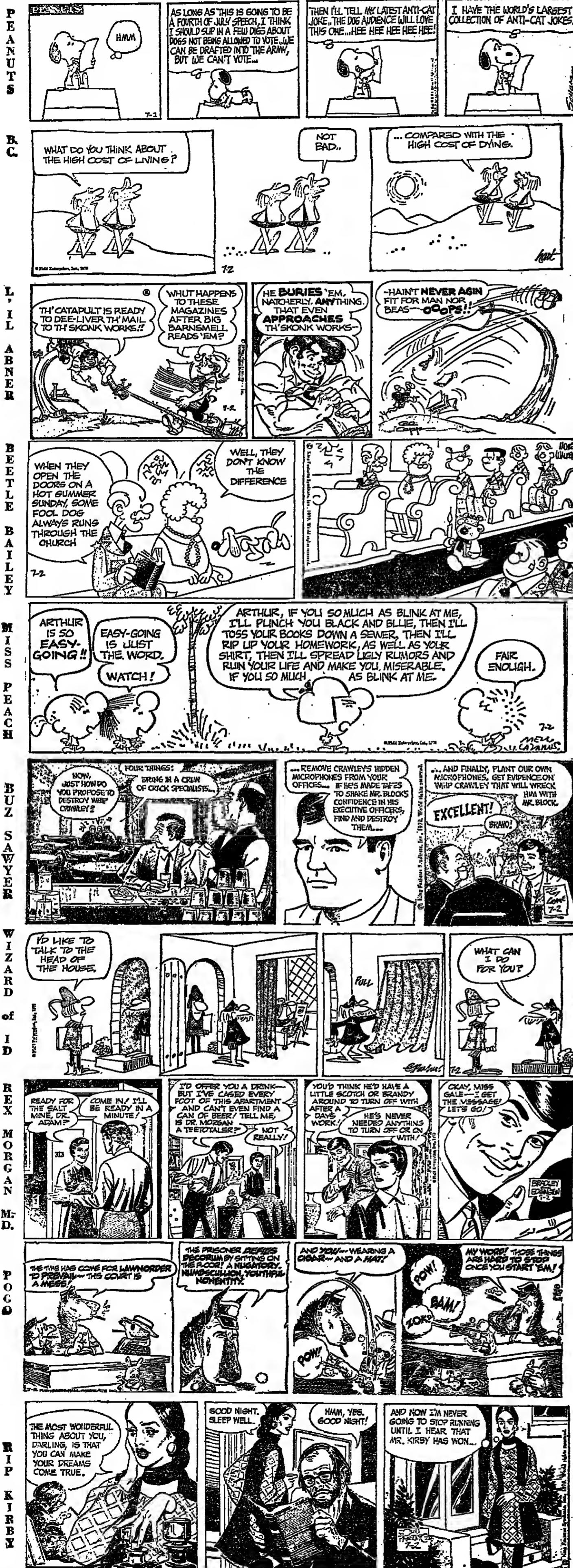
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BLONDIE



BRIDGE

By Alan Truscott

STOCKHOLM, July 1.—European pairs continued to dominate the standings in world pair championship play yesterday. The leading scores after 104 deals out of a scheduled 288 were: William Sunlimo and Ialo Zanasi of La Spezia, Italy, 9,854; Derek Rimington and Bob Rowlands of London, 9,752; Fritz Babich and Peter Manhardt of Vienna, 9,567; Arne Persson and Einar Pyk of Stockholm, 9,395; Jean Besse and John Collings of Geneva, 9,285.

Only three pairs succeeded in bidding and making six diamonds on the diagrammed deal from the first session of the open pairs. One was the Brazilian partnership Negra Jordao and Octavio de Faria, who played the hand upside-down.

Mrs. Jordao's opening bid of one no-trump was based on the Arno or Little Roman system used by Camillo Fabris-Tieci and Massimo Dallelio. It showed a strong unbalanced hand and was forcing. Her partner's response of two diamonds promised one ace.

Brushing aside West's repeated spade bids, North bid clubs followed by diamonds. South could do no more than raise diamonds, but North was still interested in a grand slam. Her five no-trump bid asked for kings, and she settled for six diamonds when her partner's response denied possession of a king.

The artificial response of two diamonds had placed the contract in the South hand, with the strong hand as dummy. West led the spade six, and South won in dummy with the ace. He cashed the diamond ace and the heart king before entering his hand with a diamond lead to the jack.

The next move was to discard dummy's losing spade on the

heart ace. A club was led toward the dummy, and the appearance of the king from West was a surprise, but not an unpleasant one. After a little thought, De Faria made the good play of allowing the king to win. West played a heart which was ruffed high in the dummy to avert an overruff. Then the clubs were continued, and South was able to ruff dummy's fourth club with his last trump and claim the slam.

NORTH

♦ A 5
K K
0 A K Q 10 8 6
♦ A Q 10 3

WEST (D) EAST
K J 8 5 3 2 ♦ Q 9 7
Q J 7 6 4 2 ♦ Q 10
0 5 0 9 4 2
♦ K ♦ J 9 6 4 3

SOUTH
♦ 10 4
♦ A 9 8 5 3
♦ J 7 3
♦ 8 7 5

North and South were vulnerable. The bidding:

West North East South
Pass 1 N.T. Pass 2 0
2 ♦ 3 ♦ Pass 3 0
3 ♦ 4 0 Pass 5 0
Pass 5 N.T. Pass 6 0
Pass 6 0 Pass

West led the spade six.

Solution to Previous Puzzle

BLAICH	AMASS	SEES
ALLIED	CIVILIAN	EROS
LEAR	CLEMENTINE	WEINTON
ERRED	ERASER	ERASER
WARRIOR	ORIENTED	ERIVED
WARRIOR	GRAND	ERIVED
WARRIOR	GRAND	ERIVED
ETH	TRUTH	ERIVED
TRUTH	ACROSS	ERIVED
TRUTH	CROSS	ERIVED
TRUTH	LOVERS	ERIVED
TRUTH	UAM	SMILE
COMTES	LITERATE	SMILE
NUMBERNINE	LAST	SMILE
ARLIE	SELLER	SMILE
PETER	DEERS	SMILE

DENNIS THE MENACE



JUMBLE

—that scrambled word game

By HENRY ARNOLD and BOB LEVINE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ITYD

WOREC

VARGEN

CAEPIE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print the SURPRISE ANSWER here

Taylor, Gimeno Advance to Semis

Mrs. Court, Mrs. King Gain Final

By Fred Tupper

WIMBLEDON, England, July 1 (NYT).—It will be Margaret Court against Billie Jean King for the women's title at Wimbledon on Friday, just as everybody knew all along.

Playing with her left ankle taped after an injury on Monday, Mrs. Court was fleet-footed in disposing of Rosemary Casals, 6-4, 6-1. The going was tougher for Billie Jean. Pinned to the baseline by the sharp-shooting stroking of Francoise Durr, she was down 2-5 and had four set points against her before beating the French pro, 6-3, 7-6.

It's official now. Roger Taylor will meet Ken Rosewall in one semi-final tomorrow. Andres Gimeno will face John Newcombe in the other. In some unfinished business left over as rain stopped play yesterday, Taylor defeated Clark Graebner, 6-3, 11-9, 12-10. Leading 3-7 in the third set when they resumed, Roger had eight match points today before clinching it in 20 minutes. Gimeno led Bob Carmichael 6-1, 6-2, 1-2 overnight and got the service break he needed in the ninth game for the set at 6-4.

"My peak came up at Wimbleton," said Gimeno. Two years ago when seeded third, he was summarily removed by unseeded Roy Moore of South Africa. Last year he crashed and retired hurt in his match with Graebner. This year he was dubious about entering at all.

Mrs. King was a prohibitive

favorite over Miss Durr. In all at 5-2 hitting the ball sharply off their meetings around the world as contract pros, Francoise won once in an exhibition. At first sight she seems unsuited to the Set point to Miss Durr. Billie Jean hit a forehand by her. Danger lurked ahead. Three more set points at 5-4, and Mrs. King saved them all. Her first serve was not blinding into the court, and she was hurtling up to put away the volley. Five games running for the match at 7-5. Not vintage King perhaps. "My knee is in good shape, my tennis elbow has gone, and I'm happy about my game," said Mrs. King.

Rumors were flying about that Mrs. Court might have to scratch. She tore a couple of ankle ligaments in her match with Helga Nielsen and dropped out of the doubles and mixed doubles to rest.

Wimbledon Sums

MEN'S SINGLES

Quarter-Finals
Roger Taylor, Britain, d. Clark Graebner, New York City, 6-3, 11-9, 12-10;
Bob Carmichael, Australia, 6-1, 6-2, 6-4.

MEN'S DOUBLES

Quarter-Finals
Tom Tarcic and Helga Nielsen, Romania, d. Tom Okker, Netherlands, and Marti Nielsen, Evanston, Ill., 6-4, 6-4, 8-6.

WOMEN'S SINGLES

Quarter-Finals
Billie Jean King, Long Beach, Calif., defeated Francoise Durr, France, 6-3, 7-5; John Newcombe, Australia, d. Rosemary Casals, 6-4, 6-1.

WOMEN'S DOUBLES

Quarter-Finals
Mrs. Billie Jean King and Rosemary Casals, d. Jitka and Karelka Krausova, Prague, Czechoslovakia, 6-4, 6-3; Karen Armstrong and Karen McNaull, Australia, d. Mrs. Gail Chanfreau, France and Lesley Hunt, Australia, 10-8, 6-4.

Lost Control

Then Mrs. King lost control. She served three doublefaults and had a footfault called against her in the second game, losing it finally as Miss Durr put a volley into the clear. With the Gallic shrift of encouragement, Francoise hustled about the court moving the ball from side to side, long and short. She was three-love now, abruptly went into a decline as Mrs. King found the range and suddenly was

with the ankle heavily taped and doped with four pain-killing injections, she went on court against Rosemary Casals and was immediately put to the test.

Wimbledon Loss

The little Californian pulled her forward with drop shots, pushed her back with Wimbledon lobs. Margaret was at full tilt, covering the court like a greyhound. With all her strokes to order, she raced to 4-1 before Rose got the range. Then Miss Casals was wonderful. She held service, broke an Australian to 3-4 and trailed 6-40 in the next game. Two aces got her to deuce. She fielded three smashes for advantage and rocketed a serve into the corner that Mrs. Court could only scratch. Four all now. It wasn't good enough.

Margaret played with all the speed, skill and finesse that has given her 26 major titles over the years. She had eight of the next nine games for the match.

"She didn't look like she was ailing to me," said Rose. "She's tough when it counts. You must put the ball away first time or you're dead. She's got the arm."

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Art Buchwald

Running a Railroad

WASHINGTON.—It's hard for the ordinary citizen to understand why a \$7 billion corporation such as the Penn Central Railroad could declare bankruptcy.

But this isn't the first time it's happened. The Larchmont, Saginaw and Tallahassee Railroad had a similar experience, and perhaps people will be able to understand the Penn Central situation if I explain what happened to the LS & T.

As everyone knows, the Larchmont, Saginaw and Tallahassee Railroad was one of the most profitable in the country. It specialized in bringing coal to New Castle, Penn.

In exchange for this monopoly, the LS & T had agreed to haul commuters from the suburbs into the cities of Larchmont, Saginaw and Tallahassee. While this was not a lucrative business, it was the price LS & T had to pay for using government rights of way.

Sometime back, an executive of LS & T suggested that the railroad get into other businesses just in case the day might come when nobody wants to coals in New Castle.

"What business?" the chairman of the board asked.

"Why don't we buy a chocolate cake mix company? It certainly complements the railroad business."

So LS & T took the profits from the railroad and instead of investing in new equipment, bought a chocolate cake mix factory.

This was followed by the purchase of a latex br br company, which was followed by the take-



over of a malpractice insurance company.

Every dollar the LS & T made from its railroading was poured into a new business venture. Before long LS & T was making greeting cards, building skyscrapers, drilling for oil and making a bid to buy the Panama Canal.

Meanwhile the LS & T's railroads were starting to suffer. Freight trains kept colliding with each other like computers that used to keep them apart had been taken over by LS & T's book and magazine division, and cutbacks were made in passenger service.

Who pressed by the passengers for better service, LS & T responded by raising commuter rates and locking all the washrooms on their passenger trains.

A citizens' committee called on the LS & T offices which were now located in a 5,000-acre development known as "Sky City."

The vice-president of LS & T's commuter complaint department he was really working in the company's training department as an intern said, "We are sympathetic with your problems and would be happy to improve the service and install new equipment, but we need the money for a sulphur mining project we've just taken a lease on in Canada."

"You owe it to the community," someone protested.

"We owe more to our stockholders. But I'll tell you what I'll do. I'll recommend we put lights back on the passenger trains during rush hour. It will be an expense, but it will show we have the public in mind."

Unfortunately, the vice-president was overruled by the finance committee, and the passenger trains remained dark. Meanwhile the major cash flow from bringing coals to New Castle started to dry up, because so many customers were unhappy with LS & T's service. Without cash LS & T was in serious trouble.

So they hired President Nixon's old law firm to get them a subsidy from the Defense Department. When the story broke, the Defense Department had to turn them down, and LS & T had no choice but to file for bankruptcy.

The LS & T Railroad is now in the hands of the receivers, but thanks to wise investments in other fields, the LS & T Holding Co. (which had spun off the railroad when it realized it couldn't be drained anymore) is now worth \$25 billion.

As against yesterday's top price of \$245,000 (\$1,032,000 paid at Christie's for Georges Seurat's "Les Baigneuses" today's highest price at Sotheby's was \$80,000; \$216,000 for a Van Gogh.

Art Works Sell For \$3.26 Million

LONDON, July 1 (AP)—A London auction of 114 Impressionist and modern paintings and sculpture realized \$1,260,400 (\$1,264,600 today). A single salaried yesterday yielded \$1,611,935 (\$1,638,644). Thus in two days over \$7 million has been paid here for art.

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